

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

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In re:

Chapter 11

FRALEG GROUP, INC.,

Case No.: 22-41410-jmm

Debtor.

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PLAN SUPPLEMENT

Fraleg Group, Inc., the debtor and debtor-in-possession (the “Debtor”), by and through its counsel, the Law Offices of Avrum J. Rosen, PLLC, respectfully submit this as and for the Debtor’s plan supplement (the “Plan Supplement”)¹ to the Debtor’s Amended Plan of Reorganization dated October 13, 2022 [Dkt. No. 52] (the “Amended Plan”); and respectfully submits

PROCEDURAL BACKGROUND

1. The Debtor filed its initial plan [Dkt. No. 42] (the “Plan”) on September 15, 2022 (the “Plan Filing Date”). Thereafter on October 18, 2022, the Debtor amended the Plan by filing the Amended Plan

2. By the Court’s *Amended Order: (I) Conditionally Approving the Amended Disclosure Statement Filed by the Debtor; (II) Approving Solicitation Procedures; and (III) Fixing the Date for a Hearing on the Confirmation of the Plan of Reorganization* [Dkt. No. 56] (the “Order”), which scheduled a hearing on November 16, 2022 at 11:00am to consider, among other things, confirmation of the Amended Plan.

3. Prior to the hearing on confirmation of the Amended Plan, the United States Trustee’s office submitted comments to the Debtor on certain provisions in the Amended Plan.

¹ Capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Amended Plan.

Accordingly, the Debtor proposed the following changes in the form of a Plan Supplement.

4. Therefore, the Debtor submits this Plan Supplement in advance of the Amended Plan confirmation hearing.

CONSTRUCTION MODERN DESIGN, INC. BANKRUPTCY

5. Construction Modern Design, Inc. (“CMD”) is an entity formed and existing under the laws of the State of New York. Andy Alege, who is the president of the Debtor, is also the president of CMD.

6. On August 11, 2022, CMD filed a voluntary petition under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of New York (Brooklyn Division), identified as Chapter 11 Bankruptcy Case Number 22-41943-ess. CMD is represented by its own and separate counsel.

7. CMD is not a related entity of the Debtor because it does not share any assets or liabilities, and as such was not filed as a related entity.

8. The initial term sheet, attached as exhibit B to the Disclosure Statement, pledged collateral that was owned by CMD as additional collateral. Once CMD filed chapter 11, the Debtor obtained a pledge to replace that collateral with: (i) 300 Herkimer Street, Brooklyn, New York owned by Fraleg Herkimer Inc.; and (ii) 203 Strawtown Road, New City, New York owned by 203 Strawtown RD Inc. The Debtor’s president, owns fifty perecent (50%) of both, Fraleg Herkimer Inc. and 203 Strawtown RD Inc.

REORGANIZED DEBTOR

9. The Debtor’s principals, Andy Alege, Ron Fraser and Andre Juman shall manage the Reorganized Debtor. Their compensation shall be zero (0) until all claims are paid, pursuant to the Plan.

IMPLEMENTATION OF THE PLAN

10. In the event an Auction Sale is commenced, pursuant to Article IV section 4.02(e) of the Amended Plan, then the Debtor will cease doing business as of the closing on the Property and will not seek a discharge under the Amended Plan.

CLARIFICATIONS TO PROVISIONS IN THE AMENDED PLAN

11. Confirmation of the Debtor's Amended Plan will not discharge any debt under section 1141(d)(6) of the Bankruptcy Code.

12. Under Article VII of the Amended Plan, section 7.06(b) shall be amended to read:

7.06 Exculpation

The Plan provides that the Released Parties (collectively, the "Exculpated Parties") will not have or incur any liability to any Person for any act taken or omission occurring on or after the Filing Date in connection with this Case, including but not limited to:

- (a) the commencement and administration of the Case;
- (b) the formulation, preparation, dissemination, implementation, confirmation, consummation, or administration of: (i) the Plan (including soliciting acceptances or rejections thereof); and/or (ii) the Disclosure Statement; and
- (c) any Distributions made pursuant to the Plan.

Nothing in this section shall: (a) affect the liability of any Exculpated Party that otherwise would result from any act or omission to the extent that the act or omission is determined in a Final Order to have resulted from fraud, willful misconduct, gross negligence, or criminal conduct; or (b) limit liability *for legal malpractice* pursuant to Rule 1.8(h)(1) of the New York Rules of Professional Conduct; or (c) modify the terms of the Sale Stipulation.

13. Under Article X of the Amended Plan, section 10.08 shall be amended to read:

The Debtor shall file quarterly reports as provided in the Plan using the forms promulgated by the U.S. Trustee in compliance with 28 C.F.R. § 58.8, which reports shall be filed by the 20th day after the conclusion of the relevant report quarter until the case is closed by means of a final decree, dismissed or converted, whichever happens first.

14. Under Article X of the Amended Plan, the following provision shall be added to section 10.09:

The Debtor shall be required to file a notice of the Amended Plan's effective date with the Court within three (3) business days of the occurrence of the effective date.

15. Under Article XI of the Amended Plan, the following provision shall be added to section 11.01:

There will be no material post-confirmation modifications of the Amended Plan, absent notice and an opportunity to object.

16. Under Article VIII of the Amended Plan, the following provisions shall be added as section 8.10:

Final Decree

within 14 days following the full administration of the estate, but not later than 18 months following the entry of the order confirming the Amended Plan, the Debtor shall file, on notice to the United States Trustee, an application and a proposed order for a final decree pursuant to Bankruptcy Rule 3022.

Dated: Huntington, New York
November 9, 2022

Law Offices of Avrum J. Rosen, PLLC
Counsel for the Debtor

By: /s/ Avrum J. Rosen
Avrum J. Rosen, Esq.
Nico G. Pizzo, Esq.
38 New Street
Huntington, New York 11743
Tel.: (631) 423-8527
Email: arosen@ajrlawny.com
Email: npizzo@ajrlawny.com